

# COUNTY OF LOS ANGELES

MARVIN J. SOUTHARD, D.S.W.  
*Director*

SUSAN KERR  
*Chief Deputy Director*

RODERICK SHANER, M.D.  
*Medical Director*



BOARD OF SUPERVISORS  
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MICHAEL D. ANTONOVICH

## DEPARTMENT OF MENTAL HEALTH

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To:  
Fax:

(213) 738-4601  
(213) 386-1297

<http://dmh.co.la.ca.us>

October 9, 2003

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**HEARING ON DEPARTMENT OF MENTAL HEALTH'S  
REVISED PUBLISHED CHARGES FOR FISCAL YEAR 2003-2004  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD AFTER THE PUBLIC HEARING:**

Approve the revised Department of Mental Health's (DMH) Published Charges (Attachment I) for Fiscal Year (FY) 2003-2004, effective November 1, 2003, in order to comply with Federal Short-Doyle/Medi-Cal (SD/MC) Lower of Cost or Charges reimbursement (LCC) and routine cost principles' requirements.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

The Board approved DMH's Published Charges for FY 2003-2004 on June 24, 2003. Since DMH's current computerized billing system only permits the use of one rate table which reflects the June 24, 2003 Board approved Published Charges, the Published Charges for Mode-Service Function Codes 10-81 through 10-89 and 15-01 through 15-79 were SD/MC rates that did not include administrative overhead costs (SD/MC administrative costs are captured separately through DMH's SD/MC Administrative claim).

With DMH's Health Insurance Portability and Accountability Act (HIPAA) compliant Integrated System effective on October 16, 2003, DMH will have the ability to bill one rate for SD/MC claims and another rate for all other funding plans. Currently all non-Medi-Cal plans are not billed the administrative overhead costs because of the current system's limitation to one rate table. The implementation of the Integrated System will include more than the one rate table.

Therefore, Board action is required to revise the Published Charges to include administrative overhead costs for all services that will be billed to non-Medi-Cal plans. The current Published Charges approved by the Board on June 24, 2003, will continue to be used for billing the Medi-Cal plan only.

The recommended Published Charges comply with Federal SD/MC audit requirements, which took effect on July 1, 1992. Federal requirements stipulate that Published Charges are to be determined at the countywide level.

### **Implementation of Strategic Plan Goals**

The recommended Board actions are consistent with the County's fourth goal— "Fiscal Responsibility", within the County Strategic Plan. This action will ensure that Published Charges are in compliance with Medi-Cal requirements thereby averting Federal Lower Costs or Charges (LCC) audit disallowance.

### **FISCAL IMPACT/FINANCING**

The subject does not apply.

Approval of these charges will accommodate requirements of the State Plan Amendment under Title IX of the Social Security Act for the State of California.

Federal Lower of Costs or Charges (LCC) audit disallowances will be avoided because of compliance. DMH has not included any charges, which are set by either State or Federal agencies for which it has no jurisdictional rate setting authority. DMH will bill those charges as directed by those authorities.

To the extent non-Medi-Cal plans will be billed for both the service and administrative overhead costs, because of the new schedule of Published Charges, there may be additional revenues received. It is premature to estimate any such revenues.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The original Published Charges for FY 2003-2004 were developed using actual cost report data for FY 2001-2002. This cost report data was adjusted by 1) the Federal Home Health Agency Market Basket Index, 2) DMH's Auditor-Controller approved Indirect Cost Rate Proposal (ICRP) percentages for all non SD/MC services, and 3) the State's SD/MC Maximum Allowance. The revised Published charges for FY 2003-2004 were developed using the same methodology; however, DMH's Auditor-Controller approved ICRP percentage was applied to all rates in order to capture administrative overhead costs. These charges are reflective of the present level of care.

Government Code Section 66018, added by stats. 1990, ch. 1572 (AB 3228), §20, requires the publication of notice and a public hearing to be held prior to the adoption of new fees or the increase of existing fees. Such a notice will be published at the minimum of 10 days prior to the public hearing.

### **CONTRACTING PROCESS**

The subject does not apply since DMH's Published Charges apply only to DMH's directly operated clinics.


### **IMPACT ON CURRENT SERVICES**

The recommended revised Published Charges will become effective November 1, 2003. Failure to establish these revised annual Published Charges will result in reduced revenues from non-Medi-Cal plans and/or if the charges are less than actual costs.

**CONCLUSION**

The Department of Mental Health will need one (1) fully executed copy of the Board's action. It is requested that the Executive Officer of the Board notifies the Department of Mental Health's Contracts Development and Administration Division at (213) 738-4684 when this document is available.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'MJS', followed by a stylized flourish.

Marvin J. Southard, D.S.W.  
Director of Mental Health

MJS:RK:CK:egr

Attachment

c: Chief Administrative Officer  
County Counsel  
Auditor-Controller  
Chairperson, Mental Health Commission

# Attachment 1

## COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH

### FISCAL YEAR 2003-2004 REVISED PUBLISHED CHARGES EFFECTIVE NOVEMBER 1, 2003

<u>SERVICE DESCRIPTION</u>	<u>MODE</u>	<u>SF CODE</u>	<u>SERVICE UNIT</u>	<u>NON-MEDI-CAL 03/04 RATES</u>	<u>MEDI-CAL 03/04 RATES</u>
Jail Inpatient	05	50 - 59	Client Day	\$245.32	N/A
Residential, Other	05	60 - 64	Client Day	13.14	N/A
Vocational Services	10	30 - 39	4 Hour Session	73.34	N/A
Socialization	10	41 - 47	per 4-Hour Block	83.43	N/A
Day Treatment Intensive:					
Half Day (3-4 Hours)	10	81 - 84	Half Day	135.63	\$115.28
Full Day (more than 4 hours )	10	85 - 89	Full Day	175.99	149.59
Day Rehabilitation:					
Half Day (3 - 4 hours)	10	91 - 94	Half Day	73.11	62.14
Full Day (more than 4 hours )	10	95 - 99	Full Day	114.10	96.98
Case Management, Brokerage	15	01 - 09	Minute	1.71	1.46
Mental Health Services	15	10 - 59	Minute	2.20	1.87
Medication Support Svcs	15	60 - 69	Minute	4.20	3.57
Crisis Intervention	15	70 - 79	Minute	3.39	2.88
Mental Health Promotion	45	10 - 19	Staff Hour	180.38	N/A
Community Client Services	45	20 - 29	Staff Hour	166.49	N/A
Medi-Cal Admin. Activities	55	01 - 39	Minute	1.89	1.89
Conservatorship, Investigation	60	20 - 29	Staff Hour	97.10	N/A
Administration	60	30 - 39	Staff Hour	97.10	N/A
Life Support/Board & Care	60	40 - 49	Day	21.67	N/A
Case Mngt Support	60	60 - 69	Staff Hour	90.09	N/A

MJS:OFS:AW

Attach 1 rates 03-04r

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October 9, 2003

### LEGAL NOTICE OF HEARING

TO: Violet Varona-Lukens  
Executive Officer, Board of Supervisors

FROM: Marvin J. Southard, D.S.W.  
Director of Mental Health

SUBJECT: **PUBLISHED NOTICE OF HEARING ON REVISED  
BILLING RATES FOR FISCAL YEAR 2003-2004**

#### Publishing

This matter has been set for public hearing at the regular Board meeting on \_\_\_\_\_, 2003. Pursuant to Government Code Section 6062a, notice of this hearing must be published twice in a newspaper, which is published once a week or more often. The first publication must be no later than \_\_\_\_\_, 2003 and the second at least six days thereafter.

Please publish the attached public notice, which has been reviewed and approved by Richard Mason, Senior Deputy County Counsel, and retain the listing of recommended billing rates for your files.

If you have any questions or require additional information, please contact Gurubanda Singh Khalsa at (213) 738-4608.

MJS: OFS:AW

Attachment

Hearing notice 2003-04 revised rates 9-9-03

**NOTICE OF HEARING ON THE REVISED FEE SCHEDULE  
FOR PATIENT CARE SERVICES**

Notice is hereby given that a public hearing will be held by the Board of Supervisors, establishing revised rates for patient care services for Fiscal Year 2003-2004. It is proposed that such rates be made effective November 1, 2003.

Said hearing will be held on \_\_\_\_\_, 2003 at 9:30 a.m. in the Hearing Room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (the corner of Temple Street and Grand Avenue), Los Angeles, California 90012.

The Board of Supervisors will consider and may adopt the revised fee schedule. Further, notice is given that the Board of Supervisors may continue this hearing from time to time.

Any person wishing to be heard on this matter may appear and make a presentation before the Board of Supervisors at such time regarding these revised rate adjustments. Written comments may be sent to the Executive Office of the Board of Supervisors at the above address.

The revised rate adjustments will be on file and available for review at the Clerk of the Board, Room 383, Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012, or at the Department of Mental Health, Accounting Division, 8th Floor, 550 South Vermont Avenue, Los Angeles, California 90020, from 8:00 a.m. to 5:00 p.m.

For further information regarding this matter, please telephone the County of Los Angeles, Department of Mental Health, Financial Services Bureau, at (213) 738-4717.

Si no entiende esta noticia o si necesita mas informacion favor de llamar a este numero (213) 738-4717.

\_\_\_\_\_  
VIOLET VARONA-LUKENS  
EXECUTIVE OFFICER  
BOARD OF SUPERVISORS

MJS:OFS:AW

Public notice 2003-04 revised rates 9-9-03